

Property Reinsurance Program

Overview: IRF insures in excess of \$25 Billion in property statewide with \$6.9 billion insured in Charleston and Horry Counties alone. South Carolina is exposed to catastrophic loss caused by either hurricane or earthquake or both. Either event could produce widespread losses which exceed the IRF's assets. Actuarial modeling indicates that a hurricane equivalent to Hurricane Hugo could produce losses in the \$400 million range for IRF insureds. Accordingly, IRF purchased a \$400 million property reinsurance program including coverage for the perils of wind, flood and, earthquake. In addition, the program provides \$150 million coverage for terrorism losses.

The property program (excluding terrorism) consists of four layers of \$100 million each. The terrorism portion is written as a single layer of \$150 million.

The program requires that IRF assume a \$10 million "self-insured retention" (deductible) for the first event during a policy year, with a \$1 million self-insured retention for subsequent events. In addition, IRF has assumed 10% of the first \$100 million layer or \$10 million. As a result, IRF would be responsible for a maximum of \$20 million for the first event and a maximum of \$11 million for subsequent events.

1. Schedule of participating companies with limit of liability:

LAYER: \$90,000,000 part of \$100,000,000 Primary

PREMIUM: \$11,800,000

<u>Company</u>	<u>Limit</u>
RSUI Indemnity Company	\$36,000,000
Lexington Insurance Company	\$15,750,000
Arch Specialty Insurance Company	\$12,500,000
Axis Surplus Insurance Company	\$8,000,000
Westchester Surplus Lines Insurance Company	\$8,000,000
Continental Casualty Company	\$4,500,000
Liberty Mutual Fire Insurance Company	\$2,750,000
Allied World Assurance Company, Ltd.	\$2,500,000

LAYER: \$100,000,000 excess of \$100,000,000

PREMIUM: \$5,000,000

<u>Company</u>	<u>Limit</u>
Lloyd's	\$44,274,200
Axis Specialty Europe Ltd. & Sirius International Insurance Corporation	\$8,225,800
Lancashire Insurance Company Ltd.	\$5,000,000
RSUI Indemnity Company	\$15,000,000
Traders and Pacific Insurance Company	\$7,500,000
Lexington Insurance Company	\$5,000,000

Continental Casualty Company	\$5,000,000
Allied World Assurance Company Ltd.	\$5,000,000
Ironshore Insurance Ltd.	\$5,000,000

LAYER: \$100,000,000 excess of \$200,000,000
PREMIUM: \$2,500,000

<u>Company</u>	<u>Limit</u>
Lloyd's	\$10,901,100
Sirius International Insurance Corporation	\$1,658,900
Lancashire Insurance Company Ltd. And Werttembergische Versicherung AG	\$35,690,000
Arch Specialty Insurance Company	\$16,750,000
Liberty Mutual Fire Insurance Company	\$15,000,000
RSUI Indemnity Company	\$10,000,000
Ironshore Insurance Ltd.	\$7,500,000
Lexington Insurance Company	\$2,500,000

LAYER: \$100,000,000 excess of \$300,000,000
PREMIUM: \$2,000,000

<u>Company</u>	<u>Limit</u>
Lloyd's	\$27,000,000
Sirius International Insurance Corporation	\$1,000,000
Hannover Ruckversicherungs and AXA Re	\$13,000,000
Tokio Marine Global	\$5,000,000
ACE Bermuda Insurance Limited	\$25,000,000
Ironshore Insurance Ltd.	\$12,500,000
RSUI Indemnity Company	\$10,000,000
Liberty Mutual Fire Insurance Company	\$4,000,000
Continental Casualty Company	\$2,500,000

TERRORISM POLICY: \$150,000,000
PREMIUM: \$ 635,000

<u>Company</u>	<u>Limit</u>
Lloyd's	\$150,000,000

TOTAL PREMIUM: \$21,935,000

2. **Statement of Insured Values:** \$25,226,963,775 (as of 12-31-06)

3. **Deductibles:** For the first event, IRF has a \$10 million self-insured retention and a 10% participation in the first \$100 million layer of coverage. For the first event, IRF's maximum financial loss under the program is \$20 million.

For the second and each subsequent event, IRF has a \$1 million self-insured retention and a 10% participation in the first \$100 million layer of coverage. For each event subsequent to the first event, IRF's maximum financial loss under the program is \$11 million.

*This premium is the sum of the pricing for the various layers. Since IRF assumed 10% of the first \$100,000,000 layer, the premium paid by IRF is \$20,755,000.